

PRESTON DuFAUCHARD  
California Corporations Commissioner  
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BEFORE THE DEPARTMENT OF CORPORATIONS  
OF THE STATE OF CALIFORNIA

In the Matter of the Accusation of	) CASE NO.
THE CALIFORNIA CORPORATIONS	) FILE NO. 122599/130215
COMMISSIONER,	) ACCUSATION
Complainant,	)
v.	)
INTERNATIONAL MANAGEMENT	)
ASSOCIATES, LLC, INTERNATIONAL	)
MANAGEMENT ASSOCIATES ADVISORY	)
GROUP, LLC, and KIRK S. WRIGHT, as an	)
individual,	)
Respondents.	)

Preston DuFauchard, the California Corporations Commissioner ("Commissioner") of the Department of Corporations ("Department") alleges and charges as follows:

**I. JURISDICTION AND VENUE**

1. The Commissioner brings this action pursuant to the provisions of California Corporations Code sections 25232 and 25232.1 and the rules and regulations promulgated thereunder.
2. The Commissioner is authorized to administer and enforce the provisions of the

1 Corporate Securities Law of 1968, Corporations Code section 25000 et seq., and the regulations  
2 thereunder at California Code of Regulations, title 10, section 260.000 et seq.

## 3 II. STATEMENT OF FACTS

4 3. This action is brought in order to revoke a certificate of investment adviser previously  
5 issued to Respondents International Management Associates, LLC, ("IMA") and International  
6 Management Associates Advisory Group, LLC, ("IMA Advisory") pursuant to Corporations Code  
7 section 25232 and to bar Respondent Kirk S. Wright ("Wright") from any position of employment,  
8 management or control of any investment adviser, broker-dealer or commodity adviser pursuant to  
9 Corporations Code section 25232.1.

10 4. IMA is a limited liability company formed in Virginia, with a principal place of business  
11 in Atlanta, Georgia, and with an office at 6701 West Center Drive, Ste. 950, Los Angeles, CA  
12 90045. Since June 2003 IMA has been certified with the California Department of Corporations as  
13 an Investment Adviser. IMA is owned and controlled by Wright and others. According to its Form  
14 ADV, dated January 25, 2006, IMA had \$166.6 million in funds under management in five hedge  
15 funds it manages and advises.

16 5. IMA Advisory is a limited liability company formed in Georgia with a principal place of  
17 business in Atlanta, Georgia, and with an office at 6701 West Center Drive, Ste. 950, Los Angeles,  
18 CA 90045. Since December 2004 IMA Advisory has been certified with the California Department  
19 of Corporations as an Investment Adviser. IMA Advisory is owned and controlled by Wright and  
20 others. According to IMA Advisory's Form ADV, dated January 25, 2006, it had \$18.3 million in  
21 funds under management.

22 6. On February 27, 2006 the Securities and Exchange Commission ("SEC") filed a  
23 Complaint, Civil Action No. 1 06-CV-0438, in the United States District Court for the Northern  
24 District of Georgia, against Wright, IMA, IMA Advisory, and others, alleging that they had been  
25 fraudulently providing investors with quarterly statements that misrepresented the amount of assets  
26 in various accounts, misrepresented the rates of return obtained by the respective funds, and failed to  
27 disclose to investors that virtually all funds had been dissipated. On March 6, 2006 the District  
28 Court issued a temporary restraining order and order to show cause against all defendants. Wright,

1 IMA, IMA Advisory and others entered into a Consent Order and pursuant thereto on March 10,  
2 2006 the District Court entered an Order granting a preliminary injunction, freezing assets, and  
3 appointing a receiver. On February 9, 2007, following testimony by the receiver, the District Court  
4 entered a default judgment as to Wright and ordered a permanent injunction and disgorgement of  
5 \$17,019,510, representing profits gained as a result of the conduct alleged in the Complaint. On  
6 March 2, 2007 the SEC issued an Order instituting administrative proceedings to determine other  
7 appropriate remedial sanctions against Wright in light of the February 9, 2007 permanent injunction.

8 7. Since the filing of the Complaint referenced in the above paragraph, the securities  
9 administrators of at least two States (including Maryland and Massachusetts) have suspended or  
10 revoked the registration of IMA as an Investment Adviser or Wright as an Investment Adviser  
11 Representative.

12 **III. THE INVESTMENT ADVISER CERTIFICATES OF IMA AND IMA ADVISORY**  
13 **SHOULD BE REVOKED PURSUANT TO CORPORATIONS CODE SECTION**  
14 **25232 FOR ACTS COMMITTED AS SPECIFIED UNDER CORPORATIONS CODE**  
15 **SECTION 25232, SUBDIVISIONS (c) AND (d).**

16 8. Corporations Code section 25232 provides, in pertinent part:

17 "The commissioner may, after appropriate notice and opportunity for hearing, by order  
18 censure, deny a certificate to, or suspend for a period not exceeding 12 months or  
19 revoke the certificate of, an investment adviser, if the commissioner finds that the  
20 censure, denial, suspension, or revocation is in the public interest and that the  
21 investment adviser, whether prior or subsequent to becoming such, or any partner,  
22 officer or director thereof or any person performing similar functions or any person  
23 directly or indirectly controlling the investment adviser, whether prior or subsequent to  
24 becoming such, or any employee of the investment adviser while so employed has done  
25 any of the following:...

26 (c) Is permanently or temporarily enjoined by order, judgment, or decree of any court  
27 of competent jurisdiction from action as an investment adviser...or from engaging in  
28 or continuing any conduct or practice in connection with that activity, or in connection  
with the purchase or sale of any security.

(d) Is or has been subject to (1) any order of the Securities and Exchange Commission  
or the securities administrator of any other state denying or revoking or suspending his  
...or (3) any other order of the commission or any administrator, association, or  
exchange referred to in this subdivision which is or has been necessary for the  
protection of any investor."

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**IV. RESPONDENT WRIGHT SHOULD BE BARRED FROM ANY POSITION OF  
EMPLOYMENT, MANAGEMENT OR CONTROL OF ANY INVESTMENT ADVISER,  
BROKER-DEALER OR COMMODITY ADVISER PURSUANT TO CORPORATIONS  
CODE SECTION 25232.1 FOR ACTS COMMITTED AS SPECIFIED UNDER  
CORPORATIONS CODE SECTION 25232, SUBDIVISIONS (c) AND (d).**

9. Corporations Code Section 25232.1 provides, in pertinent part:

The commissioner may, after appropriate notice and opportunity for hearing, by order censure, or suspend for a period not exceeding 12 months, or bar from any position of employment, management or control of any investment adviser, broker-dealer or commodity adviser, any officer, director, partner, employee of, or person performing similar functions for, an investment adviser, or any other person, if he or she finds that the censure, suspension or bar is in the public interest and that the person...is enjoined from any act, conduct, or practice specified in subdivision (c) of Section 25232 or is subject to any order specified in subdivision (d) of Section 25232.

**V. CONCLUSION**

Based upon the foregoing, the Commissioner finds that grounds exist and that it is in the public interest to revoke the investment adviser certificates of IMA and IMA Advisory, pursuant to Corporations Code section 25232 subdivisions (c) and (d), and to bar Wright from any position of employment, management or control of any investment adviser, broker-dealer or commodity adviser pursuant to Corporations Code section 25232.1. The Commissioner hereby notifies IMA, IMA Advisory and Wright of its intention to make such Orders final.

Dated: May 9, 2007

PRESTON DuFAUCHARD  
California Corporations Commissioner

By: \_\_\_\_\_  
EDWARD KELLY SHINNICK  
Corporations Counsel  
Enforcement Division